

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

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FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 0358

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E.O. 11652: N/A

TAGS: EMIN, MX

SUBJ: GOM UNVEILS NEW MINING LAW

1. PRESIDENT ECHEVERRIA, IN A MOVE THAT HAD BEEN RUMORED, OFFERED A NEW MINING LAW WHOSE MOST IMPORTANT PROVISIONS STRIPPED INACTIVE MINING CONCESSIONS FROM THEIR OWNERS (IN MOVE AGAINST THOSE PERSONS SPECULATING IN MINING CLAIMS, I.E. THOSE WHO WERE NOT WORKING PROPERTIES) AND DEFINED IRON, COAL, PHOSPHATE ROCK, POTASIUM SALTS, AND SULFUR AS "NATIONAL RESERVES", I.E., MAY BE EXPLOITED ONLY BY FIRMS WITH 100 PERCENT MEXICAN PARTICIPATION.

2. NEW LAW DELIVERS INACTIVE MINING CONCESSIONS TO RURAL CAMPESINOS AND EJIDATARIOS TO BE WORKED. IT IS ESTIMATED 15 THOUSAND CONCESSIONS WILL BE AFFECTED BY THIS DECREE. DECREE ALSO PROMISES GREATER ROLE FOR FEDERAL GOVERNMENT IN MANAGEMENT OF MINERALS INDUSTRY, PRESUMABLY THROUGH GOM MINING DEVELOPMENT ORGANIZATION, FOMENTO MINERO.

3. SPECIFICALLY, NEW LAW PROPOSES:

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A(A) FEDERAL EXCLUSIVITY IN EXPLORATION, EXPLOITATION, AND
PROCESSING OF PHOSPHATES, SULFUR, POTASIUM, AND PROMISES
GREATER STATE INTERVENTION IN IRON AND COAL (IRON AND
COAL ARE PRESENTLY, TO SOME EXTENT, STILL IN PRIVATE
HANDS).

(B) IMPROVE MANAGEMENT OF NATIONAL RESERVES.

(C) INCREASE PARTICIPATION OF STATE AND PUBLIC COMPANIES
IN MINING SECTOR.

(D) RESERVE FOR STATE EXPLOITATION OF MINERAL RESOURCES
IN 200-MILE ECONOMIC ZONE OFF MEXICAN COASTS.

(E) CANCEL INDEFINITE LIFE OF CERTAIN MINING CONCESSIONS
AND ACCELERATE MEXICANIZATION OF INDUSTRY.

(F) CREATE STATE (AS OPPOSED TO FEDERAL) MINING DEVELOPMENT
AGENCIES.

(G) COMBAT SPECULATION IN MINING PROPERTIES NOT BEING WORKED.

4. COMMENT: WE DO NOT KNOW TO WHAT EXTENT THIS WILL
AFFECT U.S. MINING INTERESTS IN MEXICO BUT WE SUSPECT
(AS SOURCE IN PATRIMONIO NACIONAL TOLD US) THIS IS
PRIMARILY DIRECTED AGAINST SPUCLATATORS WHO DO NOT WORK
THEIR CONCESSIONS. MORE OMINOUS IS INCLUSION OF PHOSPHATE,
POTASIUM, IRON, AND COAL INTO NATIONAL RESERVES. THIS
MAY DIRECTLY AFFECT SOME U.S. MINING INTERESTS, IN PARTI-
CULAR INDUSTRIAL MINERAL MEXICANA (ASARCO).

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